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SUBJECT: MAJOR UK RETAILER'S CHILD LABOR PROBLEM

¶1. SUMMARY: Retail giant Primark dropped three suppliers after a BBC investigation revealed they were using unauthorized home workers, including child labor, in India. Primark usually learns of abuse through either its own auditors or their independent auditor. If Associated British Foods, Primark's parent company, determines that one of its 1000 suppliers needs improvement, it tries to work with them through its remediation programs. UK human rights campaigners blasted Primark for making matters worse by summarily dropping the suppliers. END SUMMARY

¶2. A Panorama investigation by the BBC, which aired on June 23, revealed that suppliers to UK retail giant Primark were using unauthorized home workers, including child labor, in India. Primark, the UK's second largest clothing retailer, prides itself on its "strict code of conduct." According to Primark's website, children are expressly forbidden to work on clothes produced for them, none of their suppliers has permission to sub-contract production, and the sub-contracting was done without Primark's knowledge or consent. Upon notification from the BBC of these practices, Primark officials dropped three suppliers and removed all items purchased from them, about 0.04% of Primark's worldwide sourcing.

¶3. Although in this particular incident Primark representatives were notified by the BBC, Geoff Lancaster, head of the External Affairs division of Primark's parent company, Associated British Foods (ABF), told us Primark usually learns of abuse through either its own auditors or their independent auditor SGS. Primark reports on its activities to the Ethical Trading Initiative, an organization set up by retailers, NGOs, and trade unions to promote and improve the implementation of corporate codes of practice, including supply chain working conditions.

¶4. According to Lancaster, Primark has about 1000 suppliers. It monitors them through its risk assessment program, which determines which suppliers need to enter its remediation program. The remediation program is designed to help suppliers that do not currently comply with Primark's Code of Conduct meet its guidelines. Primark prefers to work with suppliers to improve them, and only drops them as a last resort. Lancaster believes the remediation program is successful. Prior to this investigation, Primark had only sacked one of its suppliers in the past few years.

¶5. Risk assessors consider factors such as the country of origin in deciding where to focus their scrutiny. To help ensure that other suppliers are not employing children, ABF will appoint an NGO in southern India. In addition, it will continue to conduct hundreds of audits every year, with the help of the ETI and SGS. Primark claims that over one-third of audits are unannounced. If remediation is needed, follow-up audits are conducted three months after the initial one.

¶6. War on Want, a London-based anti-poverty charity that focuses on corporations and their link to third-world poverty, condemned Primark for responding to Panorama's findings by terminating contracts with three suppliers, which it believes could cost hundreds of jobs.

¶7. Simon McRae, senior campaigns officer at War on Want, told the

press: "Pressure on Indian suppliers to deliver fast fashion at rock bottom prices has made sweatshop labor inevitable. Again and again, scandals exposing UK retailers exploiting garment workers underline that the public cannot trust stores to police themselves. It is high time the British government introduced regulation to stop this shameful abuse." He and the BBC also contend that unreasonable demands placed by companies such as Primark to deliver fashionable items at low prices often force suppliers to accept losses on certain orders and hire home labor in order to retain business.

[¶8](#). ETI provided us a press release they prepared to respond to the Panorama and related stories. It call on companies to take remedial action to ensure a quick transition of children from work into education, to monitor further down the supply chain, including subcontractors, and to exhaust all options in commercial leverage in order to obtain improvement for workers before terminating contracts.

TUTTLE